

Cotton Domestic Fundamentals:

- Cotton prices noticed mixed tone on Wednesday.
- Cotton acreage is pegged to drop by 5 percent this year as farmers are shifting to more lucrative crop of guar, after its ban was lifted on Forward markets.
- Major plantation activity will begin by onset of monsoon. It is likely to hit major parts of cotton growing area by mid-June. Yarn demand has picked up however prices are not likely to show steep rise in prices as government is selling stocks. Cotton Corp of India (CCI) offered 38,100 bales through e-auction on Monday in which 6000 bales have been sold.
- Cotton plantation reached 9.35 lakh hectares in Northern India which was 9.13 lakh hectares in same period last year. Cotton plantation has paced up in parts of Punjab, Haryana and Rajasthan. However, fiber crop is facing stiff competition from guar seed as it gives higher returns.
- Fiber crop plantation in Punjab has reached 5.34 lakh hectares which was 3.91 lakh hectares last year in same period while in Haryana the 3 lakh hectares which is 3.22 lakh hectares for current season. In Rajasthan, plantation has reached 1 lakh hectares as compared to 2 lakh hectares last year in same time period.

Cotton International Fundamentals

- Planting across cotton growing region Mississippi, Oklahoma, Tennessee and Kansas, further delayed while major cotton growing state of Texas has picked up plantation to 49 percent.
- US weekly export data on cotton showed 1.01 lakh bales export in 2012-13. Most of its was to China.
- Demand of cotton in US is likely to decline by 10 percent from 16.7 million bales to 15 million bales due to lower export demand from China.

Outlook: We expect domestic cotton prices to notice sideways to firm tone amid expectation of good demand.

NCDEX Kapas Futures Closed: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close
Feb-14	13.0	1,009.0	1,009.0	1,009.0	1,009.0
Mar-14	0.0	0.0	0.0	0.0	0.0
Apr-14	10.0	1,045.0	1,054.5	1,043.0	1054.50

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Feb-14	2	0	6	0
Mar-14	0	0	1	0
Apr-14	1433	289	2419	289

Spread	Feb-14	Mar-14	Apr-14
Feb-14	-19.0		
Mar-14		0	
Apr-14			-64.50

NB: Spread was done by taking avg spot prices at Ahmedabad – Shankar-6 market. Basis = Spot- April

MCX Kapas Futures Closed: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close
Apr-14	0.90	1033.9	1035	1027	1027
May-14	5.80	1040.1	1050	1040.1	1048.9

Volumes and OI in Lots

Contract	Volume	Change	OI	Change
Apr-14	-5	5	65	0
May-14	98	-121	473	55

Spread	Apr-14	May-14
April-14	-37.00	
May-14		-58.90

NB: Spread was done by taking avg spot prices at Ahmedabad – Shankar-6 market. Basis = Spot- April

MCX Cotton Futures Closed (29 mm Variety): Prices in Bales

Contract	% Change	Open	High	Low	Close
31-May-13	0.11	18190	18210	18090	18200
28-Jun-13	0	18510	18530	18400	18480
31-Jul-13	-0.05	18690	18700	18610	18690
31-Oct-13	-0.05	19070	19070	18990	19040

Cotton Prices at Key Spot Markets

Centre (1 bale = 170 Kg)	Prices (Rs/Qtl)		Change
	29-May-13	28-May-13	
Amravati-Vunni Mech-1#	4650	-	-
Mahesana-Kadi-Bt Cotton#	-	-	-
Abohar-J-34*	4135	4100	35
Muktsar-J-34 *(Cotton)	4130	4100	30
*(Kapas BT Cotton)	-	4800	-
Ahmedabad-Shankar-6#	-	-	-
Fajlika *(Cotton New)	4090	-	-
*(Kapas BT Cotton)	-	-	-
Khandwa-(M.P)	-	-	-
Khargaon-(M.P)	-	-	-
Gondal	4950	4950	Unch
Rajkot-(B.T)	4950	4930	20
Sri-Ganganagar	-	-	-
Patan(B.T. Cotton)	4575	4740	-165
Bhiwani- *(Cotton)	3980	3970	10
*(Kapas BT Cotton)	4625	4700	-75

*-Rs/maund, #-Rs.qtl,

Cotton Arrivals in Key Centers

Centre (1 bale = 170 Kg)	Arrivals		Change
	29-May-13	28-May-13	
Amravati -Vunni Mech-1#	1000	-	-
Mahesana-Kadi -Bt Cotton	-	-	-
Abohar-J-34*	70	75	-5
Muktsar-J-34 *(Kapas BT Cotton)	-	-	-
Ahmedabad - Shankar-6#	-	-	-
Fajlika*(Kapas BT Cotton)	-	-	-
Khandwa (M.P)	-	-	-
Khargaon-(M.P)	-	-	-
Gondal	532	375	157

Rajkot-(B.T)	585	1180	-595
Sri-Ganganagar	-	-	-
Patan(B.T. Cotton)	475	950	-475
Bhiwani #(Kapas BT Cotton)	-	-	-

Cotton Association of India Spot Rates: 28/5/2013

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy (28/5/2013)	Rs. Per Candy (27/5/2013)	Change
Bengal Deshi (RG)/ Assam Comilla(101)	Below 22mm	5.0 - 7.0	15	35000	35000	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	35900	35900	Unch
J-34(202)	26mm	3.5 - 4.9	23	36800	36800	Unch
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	37300	37100	+200
Shankar-6(105)	29mm	3.5 - 4.9	28	38100	38000	+100
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	39600	39500	+100
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	40600	40600	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	48500	48500	Unch

Cotlook Index: As on 28/5/2013

Cotlook Indices	Cents/Pound	Change
A-Index	90.10	Unch

China Cotton Index: As on 29/5/2013

Index	RMB/Ton	Change
CCIndex(328)	19340	-5
CCIndex(527)	16976	-3
CCIndex(229)	20074	-1

RMB - Renminbi, 1RMB = 0.16 \$U.S.

USDA Cotton Spot Rates: As on 28/5/2013

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	79.92	83.17	352
North Delta	78.92	81.42	NIL
South Delta	78.92	81.42	NIL
East TX-OK	76.00	78.75	NIL
West Texas	76.00	79.00	NIL
Desert SW	73.92	80.42	NIL
SJ Valley	75.17	85.82	NIL

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf

grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

ICE Cotton Futures (Prices in cents/lb.): As on 28/5/2013

Contract	Open	High	Low	Close	Change
01-Jul	81.5	82.93	81.33	81.42	-0.07
01-Oct	83.98	84.33	83.6	83.6	0.3
01-Dec	84.03	84.91	83.77	83.94	0.17
01-Mar	83.8	84.53	83.48	84.14	0.56
01-May	84.12	84.7	84.12	84.7	0.81
01-Jul	84.45	85.26	84.45	85.26	1.08

Pakistan Cotton Spot rates: As on 28/5/2013 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	6400	155	6555
Equivalent	40 Kgs	6859	155	7014

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